EXHIBIT 23

American Natural Gas Company

AMERICAN NATURAL GAS COMPANY
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1901

Annual Report 1958

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Annual Report

American Natural Gas Company

(A NEW JERSEY CORPORATION)

MICHIGAN CONSOLIDATED GAS COMPANY • MILWAUKEE GAS LIGHT COMPANY
MICHIGAN WISCONSIN PIPE LINE COMPANY
AMERICAN LOUISIANA PIPE LINE COMPANY

For the Year Ended December 31, 1958

This report is submitted for the general information of the stockholders of American Natural Gas Company, and not in connection with, or to induce, any sale or offer to sell or to buy any securities.

AMERICAN NATURAL GAS COMPANY

(A NEW JERSEY CORPORATION)

165 BROADWAY, NEW YORK 6, NEW YORK

DIRECTORS

DUDLEY B. W. BROWN
WILLIAM CHAMBERLAIN
CLIFTON G. DYER
HENRY FINK
STANHOPE FOSTER
C. A. JOHNSON
WILBER H. MACK
RALPH T. MCELVENNY
S. LLOYD NEMEYER
DONALD R. RICHBERG
HUBERT R. SCHADDELEE
RICHARD SCHADDELEE
F. W. SHARP
VARNUM B. STEINBAUGH
HENRY TUTTLE

OFFICERS

RALPH T. MCELVENNY - - - - - - - - - - - - - - - - - - *President*
F. W. SHARP - - - - - - - - - - - - - - *Vice President and Treasurer*
DUDLEY B. W. BROWN - - - - - - - - - - *Vice President and Secretary*
PARKER M. WEST - - - - - - - *Assistant Secretary and Assistant Treasurer*

TRANSFER AGENTS AND REGISTRAR

Transfer Agents—

The First National City Bank of New York, 55 Wall Street, New York 15, N. Y.
The Corporation Trust Company, 15 Exchange Place, Jersey City 2, N. J.

Registrar—

The Chase Manhattan Bank, 18 Pine Street, New York 15, New York.

LISTED

Common Stock—New York Stock Exchange.

Letter from the President of the Company

To the Stockholders:

1958 was a year of progress on all fronts. Despite generally reduced business conditions, total revenues exceeded the $200,000,000 mark for the first time in our history and there was a substantial increase in earnings. About 60,000 heating customers were added during the year, additional reserves of gas were acquired and underground storage capacity was increased.

Earnings

Consolidated net income after preferred dividends was $21,540,993 compared with $18,971,654 for the preceding year. These earnings of $4.43 per share represented a 14% increase over the $3.90 earned in 1957. Earnings were reduced in 1957 because of substantial increases in expenses not compensated for in increased rates. Substantial relief in this respect was realized when Michigan Consolidated Gas Company, our largest subsidiary, obtained a rate increase of approximately $6,000,000 on an annual basis early in 1958.

Sales and Revenues

New highs were set in revenues, volume of gas sold and in peak day sales. Total revenues of $204,543,000 represented an increase of 6.5% over the previous high of $192,036,000 recorded in 1957. The increase in revenues was due both to expanded sales and higher rates. Sales of 269 billion cubic feet were 35 billion cubic feet, or 15%, more than in 1957. Approximately 35% of the increase was in heating sales, attributable to a greater number of customers, and the balance was primarily in interruptible industrial sales and increased sales by our two pipeline subsidiaries to non-affiliated customers. On December 15, 1958, a new peak day for the System was established with a total sendout of 1,817,000 Mcf. This was 16% higher than the peak day of 1957. The 1958 peak day was exceeded early in 1959.

Gas Supply and Underground Storage

As reported last year, our Michigan Wisconsin pipe line subsidiary acquired valuable reserves during 1957 in the Laverne Field in northwestern Oklahoma, a new producing area. The reserves contracted in this field were initially estimated to be sufficient for deliveries of approximately 40 million cubic feet per day. Further development, however, has demonstrated that this region is a producing area of major

importance. Michigan Wisconsin has continued to sign contracts for additional gas supplies and by the close of 1958 its reserves in this field were adequate to support deliveries of 80 million cubic feet a day, with further increase indicated as the field develops. Michigan Wisconsin has been authorized by the Federal Power Commission to construct the facilities necessary to transport this increased supply to market and these facilities will be installed by the summer of 1959.

During the past year, Michigan Consolidated Gas Company developed approximately 10 billion cubic feet of additional underground storage capacity, and the System is now able to store and withdraw for its markets approximately 110 billion cubic feet of gas a year. Additional fields are available for development for storage purposes as the increase in our valuable and remunerative heating load requires.

Deliveries from Panhandle Eastern Pipe Line Company

Michigan Consolidated has been purchasing 127 million cubic feet of gas per day from Panhandle Eastern for many years. For several years Panhandle has been attempting to reduce its deliveries and more recently to abandon service completely to Michigan Consolidated. The latest effort by Panhandle was initiated in September 1956 in a proceeding before the Federal Power Commission. In December 1958 the Federal Power Commission issued an order overruling the recommended decision of its Presiding Examiner in the case and authorized Panhandle Eastern to abandon service effective March 15, 1959. On February 13, 1959 the Commission denied the requests for rehearing filed by Michigan Consolidated and others, but stayed the date for termination of service to a later date to be fixed by the Commission when it determines, in hearings to commence June 16, 1959, the allocation to be made among the other Panhandle customers of the gas supply heretofore delivered to Michigan Consolidated. We do not believe the abandonment order is justified and we are reviewing the order in the courts.

Expansion Program and Financing

The System has had a large construction program in recent years to meet the increasing demands of its markets. In the last five years we have spent approximately $325,000,000 for construction and it is expected that our healthy growth will continue. The construction program for 1959 will require expenditures of approximately $105,000,000. It is anticipated that funds required for this program and to retire outstanding bank loans incurred for temporary financing of construction will be provided from the sale of the Company's common stock discussed below, debt financing by System companies, cash on hand and funds provided through operations.

On February 26, 1959, the Company issued warrants to its common stockholders entitling them to purchase one share of common stock for each ten shares held. A total of 486,325 shares of stock were offered which, at the offering price of $57.50

per share, will provide the Company with approximately $28,000,000. The funds will be used to purchase common stock of Michigan Wisconsin Pipe Line Company, Michigan Consolidated Gas Company and Milwaukee Gas Light Company, providing necessary equity base for the expansion programs of these subsidiaries.

Our last permanent financing program was consummated in 1957 and only temporary financing was necessary in 1958. At year end Milwaukee Gas Light Company had $10,320,000 of short-term notes outstanding. Michigan Consolidated Gas Company and Michigan Wisconsin Pipe Line Company each made short-term borrowings from banks and at year end had $14,000,000 of notes outstanding. During the year American Louisiana Pipe Line Company eliminated $22,400,000 of installment notes, completely retiring its short-term indebtedness.

The Memphis Case

At the close of the year, the Supreme Court of the United States reversed the lower court decision in the Memphis case which had upset the long established procedure followed by the Federal Power Commission in establishing rates for pipe line companies. This welcome action by the Supreme Court removed the uncertainties and obstacles to expansion of the pipe line industry which had been created by the lower court decision and will be of real aid in the progress of all segments of the natural gas business.

Proceedings with Respect to Preferred Stock

In compliance with an order of the Securities and Exchange Commission entered on April 7, 1958, the Company on November 17, 1958 filed with the Commission, pursuant to Section 11(e) of the Holding Company Act, an application for approval of a plan for the elimination on a fair and equitable basis of the 27,481 outstanding shares of its preferred stock. This is to be accomplished through a cash payment per share. The matter is pending.

Dividends

The stockholders have a continuing and vital interest in our dividend policy. The amount to be paid in dividends on the common stock is, of course, a matter to be determined from time to time by the board of directors. The Company has paid dividends on its common stock each year for 55 years and there have been five increases in the dividend rate since 1950 when 30¢ a share was paid quarterly. The quarterly rate is now 65¢ per share. The management recognizes the natural desire of the stockholders to receive a fair share of the earnings in dividends. The directors have the dividend question under active consideration and the matter will be con-

sidered further at the meeting on March 24, 1959 which is the next regular dividend meeting of the board.

We suffered a great loss through the death of John Dern on May 22, 1958. Mr. Dern served the System for more than 20 years in many capacities, as a lawyer and more recently as general counsel and director of the Company as well as a director of all of our subsidiaries. His services were invaluable in the solution of many problems, particularly in the recent years of rapid expansion. His death meant the loss to the System of a most valuable employee. To the officers and directors it meant the departure of a friend who cannot be replaced—a man in whom personal dignity, charm and great ability mingled to an extraordinary degree. We mourn the loss of this outstanding citizen and associate.

We Look Forward

Detroit, our area of largest operation, experienced a very substantial reduction in industrial activity in 1958. There is evidence, however, that the automobile business and the numerous enterprises dependent upon it will be much improved in 1959. America certainly has no desire—nor is it possible—to return to the horse-and-buggy era and I believe that the great industrial plants and know-how which have made Detroit and Michigan an invaluable source of economic strength to our nation both in time of peace and of national emergency will continue their vital function in the jet age and the age of space.

In the two most important aspects of our business—gas supply and markets—the prospects continue to be favorable. The proven reserves of natural gas in the United States continue to increase and vast new discoveries are being made in Canada. We intend to keep ourselves financially strong and be in position to acquire additional reserves in the future as market requirements demand. A most important aspect of our System is the availability to it of large underground storage reservoirs strategically located in relation to our major areas of service. This permits us to offer gas to the public for heating—a superior service—at a most economical price.

In closing I wish to emphasize that the diligent efforts of our employees are an important contributing factor in the excellent service to our customers and in the success of our operations.

Ralph T. McElvenny

President

March 2, 1959

AMERICAN NATURAL GAS COMPANY SYSTEM

The subsidiaries of the Company include transmission, distribution and underground storage facilities and comprise an integrated natural gas system. The principal subsidiaries are Michigan Consolidated Gas Company and Milwaukee Gas Light Company, natural gas distributing companies, and Michigan Wisconsin Pipe Line Company and American Louisiana Pipe Line Company, interstate gas transmission companies.

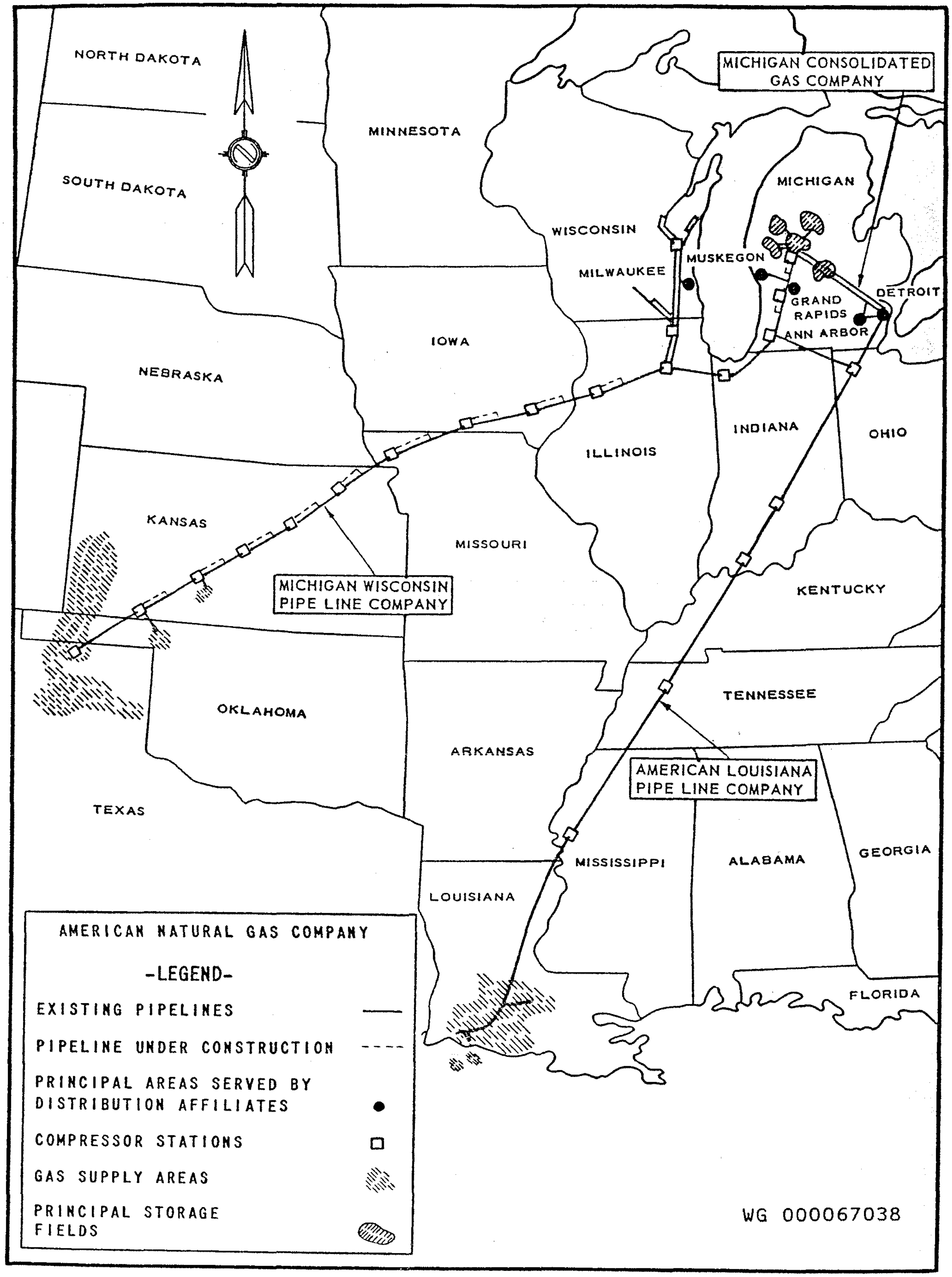
Our distributing companies serve approximately 1,118,000 customers in more than 160 cities, towns and communities in Michigan and Wisconsin, with a 1950 census population of 3,800,000 persons, including the highly industrialized Detroit and Milwaukee metropolitan areas. More than two-thirds of the System's earnings are derived from the distributing companies.

The two gas transmission companies, Michigan Wisconsin and American Louisiana, operate approximately 3,300 miles of pipeline facilities which transport a total of about 240 billion cubic feet of gas annually. These lines bring natural gas from the Hugoton Field in Texas and Oklahoma and the Gulf Coast area of Louisiana, the two largest natural gas producing areas in the country. The Michigan Wisconsin line has just been extended to the Laverne Field in northwestern Oklahoma, which is located along the north flank of the Anadarko Basin, a large area of important potential production. Approximately 80% of the sales of the two transmission companies are made to the System's two distributing companies.

The distribution and transmission facilities of the System are operated in conjunction with large underground storage fields in west central Michigan, advantageously located with respect to the System's major distribution markets. The fields have a normal working storage capacity of approximately 110 billion cubic feet. The storage facilities enable the System to make the most efficient and economical use of its pipeline facilities and provide the maximum volumes of gas for heating and other firm uses at a most favorable price in competition with other fuels.

Other subsidiaries of the Company are American Natural Gas Production Company, recently organized to engage in exploration for and acquisition and development of gas reserves; American Natural Gas Service Company, engaged in furnishing services at cost to System companies; and Milwaukee Solvay Coke Company, which is engaged in the manufacture and sale of coke and by-products.

AMERICAN NATURAL GAS COMPANY SYSTEM



OPERATIONS OF SUBSIDIARY COMPANIES

Michigan Consolidated Gas Company

Net income in 1958 was $12,258,602, an increase of $2,203,857 over the earnings of $10,054,745 in 1957. Earnings in 1957 were inadequate, and the improvement in 1958 reflects an increase in rates and continued growth in load.

New Records

Despite the recession, which was more pronounced in the territory served by the company than in many parts of the country, the company again established new records in revenues and sales.

Total revenues of $146,009,000 exceeded by more than $17,000,000 the previous high of $128,763,000 set in 1957. Approximately two-thirds of this increase was in residential and residential heating business. Sales of 178 billion cubic feet represented a gain of 19 billion cubic feet over the record sales of 159 billion cubic feet in the previous year. Approximately one-half of the gain in sales was in firm business and the balance was in interruptible industrial sales. The excellent gain in firm sales was attributable primarily to the addition of approximately 53,000 heating customers. The company remains in a strong competitive position in the residential heating field and expects to achieve important further increases in this valuable load. The use of gas by residential customers for purposes other than heating also continued the excellent growth pattern of the past several years. More than 70% of the company's revenues is now derived from the stable residential and residential heating business.

Plant Expansion

Expenditures for plant additions and improvements during the year aggregated approximately $19,000,000 as compared to $23,000,000 spent in 1957. During the year the Company developed an additional 10 billion cubic feet of underground storage capacity.

With continued growth in business, continual expansion of facilities is required. The company expects to spend approximately $34,000,000 in 1959 for additions to and improvement of its facilities. Approximately one-half of this amount will be spent to increase storage capacity, principally through the installation of additional compressors in the storage fields and the partial looping of a transmission line from the storage fields to Detroit.

Rates

On January 5, 1959, the company applied to the Michigan Public Service Commission for an increase in rates to become effective if deliveries of gas to it by

Panhandle Eastern are terminated as a result of the abandonment proceedings before the Federal Power Commission. In its rate application Michigan Consolidated stated that its costs would be increased by approximately $5,400,000 a year if it replaced Panhandle gas, which is purchased by that pipe line at the low prices established in the producing areas in the early years, with an equivalent volume of gas from the newer and necessarily higher price reserves of its affiliated pipe line suppliers, as directed by the Federal Power Commission.

Financing

It was not necessary for the company to do any permanent financing in 1958 but it made some short-term borrowings for the purpose of financing inventory gas in storage. At year end $9,000,000 of such notes were outstanding; these were eliminated in the early months of 1959 as the inventory gas was sold.

The company expects to pay for its 1959 construction program with funds available from operations, short-term bank loans and the proceeds from the sale of $7,000,000 of common stock to its parent.

Milwaukee Gas Light Company

Net income of $3,372,605 represented an increase of $317,041 in comparison with 1957 earnings. Increased sales accounted for the gain in earnings.

Substantial Growth

Revenues and sales again rose to new highs. Revenues of $38,306,000 were $3,559,000, or 10%, higher than those of a year ago. Approximately 38.5 billion cubic feet of gas was sold, a gain of 3.6 billion cubic feet, or 10%, over 1957. Residential heating business accounted for approximately 65% of the gain in revenues. Restrictions on the attachment of this load limited the number of heating customers which were connected to the lines in 1958. With a further increase in gas supply expected in the near future, the company anticipates a large increase in its heating and general domestic business. There was an increase of approximately 23% in interruptible industrial sales during the year.

Construction

Expenditures for expansion and improvement of facilities aggregated about $9,000,000 in 1958, substantially the same amount as in 1957. The company contemplates expenditures of approximately $11,000,000 for this purpose in 1959.

Financing

During the year the company entered into a credit agreement permitting it to borrow up to $15,000,000 on notes maturing in 1959. It is contemplated that approximately $10,500,000 of notes will be outstanding under the credit agreement at June 1, 1959, and that such notes will be renewed for one additional year as provided for in the agreement. The company plans to sell $7,000,000 of common stock to its parent early in 1959. These funds, together with funds generated from operations, will enable the company to finance its 1959 construction program.

Michigan Wisconsin Pipe Line Company

Net income was $4,121,495, an increase of $179,100 over the previous year. The gain in earnings was due primarily to higher sales, most of which represented gas withdrawn from storage.

Revenues and sales exceeded the previous highs set in 1957. Revenues of $57,931,000 represented a gain of $5,663,000, or 11%. The increase was due in part to the effect for a full year of a rate increase which became effective September 15, 1957, with the balance attributable to increased sales. Sales volume at 154.4 billion cubic feet was 11 billion cubic feet higher than in 1957.

Status of Rate Cases

The company is involved in two proceedings with respect to its rates.

On November 15, 1956, Michigan Wisconsin placed in effect, subject to refund, a rate of 35.75¢ per Mcf, principally to reflect the increased cost of the new gas supply purchased from American Louisiana. A presiding examiner's decision has been filed, subject to Federal Power Commission review, finding this rate to be just and reasonable. No exceptions which would affect the earnings level have been filed to the decision of the presiding examiner.

On September 15, 1957, Michigan Wisconsin increased its rate, subject to refund, to 37.5¢ per Mcf, primarily to offset increases in the cost of gas purchased from a non-affiliated supplier. This matter has not yet been set for hearing by the Federal Power Commission.

Expansion Program

The company spent approximately $6,500,000 in 1958, the major portion of which represented initial expenditures on an expansion program which will increase annual deliveries by about 30 billion cubic feet. The facilities required for this expansion program are designed to bring the new gas supply from the Laverne field in Oklahoma

to markets. The facilities include a lateral line from the main pipe line to the Laverne field and a gathering system in that field, 374 miles of 24″ looping of the main line and approximately 46 miles of various size pipeline loops in Wisconsin, and the installation of 34,130 h.p. of compressor capacity. Most of these facilities have been certificated by the Federal Power Commission through either temporary or permanent certificates. Expenditures of approximately $43,000,000 will be required in 1959 to complete this project. The company has pending before the Federal Power Commission an application for gathering facilities, estimated to cost $3,000,000, which is in addition to the project described above.

The Company is seeking to extend its facilities to serve eight utility companies which propose to supply twenty-nine Wisconsin communities and one adjoining Michigan community not now served with natural gas. If authorization of this program is obtained from the Federal Power Commission in 1959, the installation of the necessary facilities can be completed and service commenced during 1960.

Financing

No permanent financing was required in 1958. The company made short-term bank borrowings to finance inventory gas in storage and the principal amount of this indebtedness at the end of the year aggregated $5,000,000.

With the large expansion program under way, it will be necessary to obtain approximately $51,000,000 in 1959. The company proposes to raise $41,000,000 through the sale of first mortgage bonds and installment promissory notes, and the balance of $10,000,000 will be obtained through the sale of common stock to its parent.

American Louisiana Pipe Line Company

Net income for the year was $3,058,864, a gain of $206,170. The increase was due to a reduction in interest charges resulting from the retirement during the year of all of the company's promissory notes.

Pursuant to order of the Federal Power Commission, the company is operating under a cost-of-service rate which includes a 6% rate of return.

Construction expenditures for the year aggregated $400,000. It is estimated that expenditures for this purpose will approximate $2,200,000 in 1959.

Milwaukee Solvay Coke Company

Operations for the year resulted in a loss of $83,342 compared to earnings of $225,011 in 1957. The coke business is very cyclical and the company suffered from the poor business conditions prevailing, particularly in the steel industry, during

much of 1958. A substantial profit was shown in the last three months of the year and continuation of the improved economic conditions will assure profitable operations in 1959.

American Natural Gas Production Company

This company was organized in the latter part of 1957 to engage in exploration for and acquisition and development of gas reserves. The company has acquired approximately 12,590 net acres under lease in Louisiana and is engaged in exploration and drilling operations. Some production has been obtained as a result of this activity.

ANNUAL MEETING OF STOCKHOLDERS

The 58th annual meeting of stockholders of American Natural Gas Company will be held at the office of the Company, Room 803, 15 Exchange Place, Jersey City, New Jersey, at 11 o'clock in the forenoon (Eastern Daylight Saving Time) on Wednesday, April 29, 1959.

Preferred and common stockholders of record at the close of business on March 19, 1959, will be entitled to vote at the meeting. A proxy statement and form of proxy for the meeting will be mailed to stockholders about March 24, 1959.

FINANCIAL STATEMENTS

Financial statements of the Company, with the certificate of Arthur Andersen & Co., independent public accountants, follow.

ARTHUR ANDERSEN & CO.

67 BROAD STREET
NEW YORK 4

To the Board of Directors,
American Natural Gas Company:

We have examined the statement of financial position of AMERICAN NATURAL GAS COMPANY (a New Jersey corporation, hereinafter referred to as the Company) as of December 31, 1958, the consolidated statement of financial position of the Company and its subsidiaries as of the same date, and the related statements of income and earnings retained in the business for the year then ended. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We previously had made similar examinations for the year ended December 31, 1957.

In our opinion, the accompanying statements of financial position and related statements of income and earnings retained in the business present fairly the financial position of the Company and its subsidiaries at December 31, 1958, and the results of their operations for the year then ended, and were prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ARTHUR ANDERSEN & CO.

New York, New York,
March 2, 1959.

American Natural Gas Company and Subsidiaries

Consolidated Statement of Income

	Year Ended December 31	
	1958	1957
Operating Revenues	$204,542,657	$192,035,768
Operating Expenses:		
Natural gas purchased	$ 48,586,538	$ 46,682,889
Operation	48,287,314	47,292,320
Maintenance	8,491,755	9,405,033
Depreciation and amortization	23,295,570	19,601,836
Taxes—		
Federal and State income	16,342,250	15,445,300
Deferred Federal and State income	5,628,300	5,087,000
Other	16,158,938	14,940,076
Total operating expenses	$166,790,665	$158,454,454
Operating income	$ 37,751,992	$ 33,581,314
Other Income (net)	705,640	1,940,549
Gross income	$ 38,457,632	$ 35,521,863
Income Deductions:		
Interest on long-term debt	$ 16,505,965	$ 15,655,780
General interest	600,725	1,072,192
Interest charged to construction—credit*	301,160*	282,450*
Other	69,888	63,233
Total income deductions	$ 16,875,418	$ 16,508,755
Consolidated Net Income	$ 21,582,214	$ 19,013,108
Preferred dividend requirements	41,221	41,454
Consolidated Net Income, after preferred dividends	$ 21,540,993	$ 18,971,654

The notes to the financial statements are an integral part of this statement.

PROPERTY AND OTHER ASSETS

	December 31 1958	December 31 1957
UTILITY PLANT:		
Original cost	$706,739,311	$686,494,159
Less—Reserves for depreciation	125,977,300	115,111,527
	$580,762,011	$571,382,632
Cost in addition to original cost, being amortized	687,699	837,699
	$581,449,710	$572,220,331
INVESTMENTS	$ 1,457,914	$ 582,106
CURRENT ASSETS:		
Cash	$ 20,211,427	$ 20,281,911
United States Government securities	7,856,612	17,392,314
Bond proceeds on deposit with trustees	—	5,747,961
Accounts receivable, less reserves	33,083,789	26,982,603
Materials and supplies	11,687,685	15,993,059
Gas in underground storage	23,997,939	24,974,092
Other	6,986,495	1,258,930
	$103,823,947	$112,630,870
DEFERRED CHARGES:		
Manufactured gas plant abandonment costs, being amortized	$ 2,891,307	$ 409,673
Natural gas conversion costs, being amortized	795,848	1,305,133
Capital stock expense	1,205,422	1,203,772
Other	1,497,156	1,383,319
	$ 6,389,733	$ 4,301,897
	$693,121,304	$689,735,204

The notes to the financial statements are an integral part of this statement.

? FINANCIAL POSITION

STOCKHOLDERS' EQUITY AND LIABILITIES

	December 31 1958	December 31 1957
STOCKHOLDERS' EQUITY:		
Common stock, par value $25 per share—authorized 6,000,000 shares—outstanding 4,863,246 shares	$121,581,150	$121,581,150
Other paid-in capital	32,978,914	32,978,914
Earnings retained in the business	56,232,024	47,335,180
	$210,792,088	$201,895,244
Noncallable preferred stock, 6% cumulative—par value $25 per share	687,025	687,025
Total stockholders' equity	$211,479,113	$202,582,269
LONG-TERM DEBT	$382,957,000	$412,718,000
NOTES PAYABLE TO BANKS, due within one year	$ 10,320,000	$ 3,300,000
CURRENT LIABILITIES:		
Bank loans for gas in underground storage	$ 14,000,000	$ 8,000,000
Maturities and sinking fund requirements of long-term debt	9,487,000	11,957,000
Accounts payable	6,943,457	7,255,153
Dividends declared	3,171,342	3,171,343
Customers' deposits	1,510,439	1,354,872
General taxes	13,619,998	4,680,241
Federal and State income taxes	14,700,398	15,939,474
Interest	3,150,082	3,194,407
Other	5,657,916	5,114,587
	$ 72,240,632	$ 60,667,077
RESERVES:		
Deferred Federal and State income taxes	$ 13,890,624	$ 8,280,845
Other	2,233,935	2,187,013
	$ 16,124,559	$ 10,467,858
	$693,121,304	$689,735,204

The notes to the financial statements are an integral part of this statement.

American Natural Gas Company and Subsidiaries

Consolidated Statement of Earnings Retained in the Business

Year Ended December 31, 1958

Balance—December 31, 1957		$47,335,180
Consolidated Net Income		21,582,214
		$68,917,394
Dividends:		
Common stock	$12,644,149	
Preferred stock	41,221	12,685,370
Balance—December 31, 1958		$56,232,024

The notes to the financial statements are an integral part of this statement.

American Natural Gas Company

Corporate Statement of Income

	Year Ended December 31 1958	1957
Income:		
Dividends—		
Michigan Consolidated Gas Company	$11,000,000	$ 9,000,000
Milwaukee Gas Light Company	2,600,000	2,400,000
Michigan Wisconsin Pipe Line Company	3,000,000	3,000,000
American Louisiana Pipe Line Company	2,000,000	3,000,000
Milwaukee Solvay Coke Company	—	200,000
Other	25,335	79,619
Total income	$18,625,335	$17,679,619
Expenses:		
General and administrative	$ 646,792	$ 666,172
Interest, taxes and other deductions	529,746	535,940
Total expenses	$ 1,176,538	$ 1,202,112
Corporate Net Income	$17,448,797	$16,477,507
Special dividend from subsidiary concurrently invested by the Company in common stock of that subsidiary	—	4,998,000
Corporate Net Income and special dividend	$17,448,797	$21,475,507

Corporate Statement of Earnings Retained in the Business

Year Ended December 31, 1958

Balance—December 31, 1957		$32,037,779
Corporate Net Income		17,448,797
		$49,486,576
Dividends:		
Common stock	$12,644,149	
Preferred stock	41,221	12,685,370
Balance—December 31, 1958		$36,801,206

The notes to the financial statements are an integral part of these statements.

American Natural Gas Company

Corporate Statement of Financial Position

Investments and Other Assets

	December 31 1958	December 31 1957
Investments:		
Common stocks of subsidiaries, at cost, less reserve	$196,218,014	$194,718,014
Other	13,847	16,360
	$196,231,861	$194,734,374
Current Assets:		
Cash	$ 1,408,728	$ 2,052,523
United States Government securities	1,691,858	1,884,805
Dividends receivable and other	5,914,246	2,314,760
	$ 9,014,832	$ 6,252,088
Capital Stock Expense	$ 960,521	$ 960,521
	$206,207,214	$201,946,983

Stockholders' Equity and Liabilities

	1958	1957
Stockholders' Equity:		
Common stock, par value $25 per share—authorized 6,000,000 shares—outstanding 4,863,246 shares	$121,581,150	$121,581,150
Other paid-in capital	32,978,914	32,978,914
Earnings retained in the business	36,801,206	32,037,779
	$191,361,270	$186,597,843
Noncallable preferred stock, 6% cumulative, par value $25 per share—authorized and issued 30,554 shares, less 3,073 shares reacquired	687,025	687,025
Total stockholders' equity	$192,048,295	$187,284,868
Long-Term Debt	$ 9,500,000	$ 10,000,000
Current Liabilities:		
Maturities of long-term debt	$ 500,000	$ 500,000
Dividends declared	3,171,342	3,171,343
Other	987,577	990,772
	$ 4,658,919	$ 4,662,115
	$206,207,214	$201,946,983

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

SALE OF COMMON STOCK

On February 26, 1959, the Company offered its common stockholders the right to subscribe for 486,325 shares of its common stock, at $57.50 per share, on the basis of one share of additional common stock for each ten shares held. The Company proposes to apply net proceeds from the sale of this common stock to the purchase of common stocks of its subsidiaries, Michigan Wisconsin Pipe Line Company, Michigan Consolidated Gas Company and Milwaukee Gas Light Company, thus supplying equity base for the financing of their respective expansion programs.

RATE MATTERS

Since November 15, 1956, one of the Company's pipeline subsidiaries has placed in effect two rate increases, subject to refund, to recover increased costs, including purchases of natural gas from its principal supplier at rates which are also subject to refund. The status of the subsidiary's rates is as follows:

a. A presiding examiner's decision has been filed, subject to Federal Power Commission review, finding an increase to 35.75¢, effective November 15, 1956, to be just and reasonable. This increase from the previously approved rate has produced additional revenues of $13,325,000 through December 31, 1958. No exceptions which would affect the earnings level have been filed to the decision of the presiding examiner.

b. An increase from 35.75¢ to 37.5¢ per Mcf, effective September 15, 1957, has not as yet been noticed for hearing by the Federal Power Commission. This increase has produced additional revenues of $3,624,000 through December 31, 1958.

A portion of any refunds which the pipeline subsidiary might be required to make upon final determination of these matters would be paid to affiliated distribution companies which would retain a portion thereof. In the opinion of management, the ultimate disposition of these matters will not have a material effect on the consolidated financial statements.

On January 5, 1959, Michigan Consolidated Gas Company applied to the Michigan Public Service Commission for an increase in rates, to become effective if deliveries of gas to it by a nonaffiliated supplier are terminated pursuant to an order of the Federal Power Commission and Michigan Consolidated is required to purchase additional gas supplies from other sources. Michigan Consolidated, along with others, petitioned the Federal Power Commission for a rehearing and a stay of its order. On February 13, 1959, the Federal Power Commission denied the requests for rehearing but stayed the abandonment of deliveries to Michigan Consolidated until issuance of an order by the Commission determining the allocation of the gas to the nonaffiliated supplier's other customers. Hearings on the allocation are scheduled to commence June 16, 1959. Michigan Consolidated is seeking review of the abandonment order in the courts.

RESTATEMENTS

The consolidated financial statements as previously reported have been restated to give effect to a refund by one of the Company's pipeline subsidiaries, together with interest, resulting from final determination by court decision on February 17, 1959, of its rate for the period April 1, 1955, to November 15, 1956.

MANUFACTURED GAS PLANT ABANDONMENT

During 1958, Michigan Consolidated Gas Company abandoned certain manufactured gas plant and related facilities. The cost of abandonment, totaling $5,449,000, consisting of the original cost less accrued depreciation, dismantling costs less salvage received, and losses on related inventories, was transferred to deferred charges. The Michigan Public Service Commission allowed the amortization of the cost of abandonment for rate purposes in its order of February 6, 1958; and as proposed in a petition pending before that Commission, the company is amortizing the cost of abandonment by (1) charging to operating expenses in 1958 an amount of $2,588,600, equivalent to the estimated reduction in Federal income taxes resulting from the abandonment, and (2) charging the remaining balance to operating expenses in 1958 and the three succeeding years.

During 1957 and 1958, Milwaukee Gas Light Company abandoned certain manufactured gas plant and related facilities resulting in a cost of abandonment of $648,000, after giving effect to the reduction in income taxes, which is being amortized to operating expenses as approved by the Public Service Commission of Wisconsin.

American Natural Gas Company and Subsidiaries

Notes to the Financial Statements

Long-Term Debt and Notes Payable to Banks

	December 31 1958	December 31 1957
Long-Term Debt (not including current maturities and sinking fund requirements):		
American Natural Gas Company—		
Promissory notes, 3¼%, due serially to 1962	$ 9,500,000	$ 10,000,000
Michigan Consolidated Gas Company—		
First mortgage bonds—		
3½% series due 1969	30,305,000	31,065,000
2⅞% series due 1969	4,785,000	4,905,000
3⅜% series due 1969	5,690,000	5,830,000
3% series due 1975	17,900,000	18,250,000
3½% series due 1976	13,690,000	13,952,000
3⅜% series due 1979	19,100,000	19,400,000
3½% series due 1980	29,550,000	30,000,000
6¼% series due 1982	29,550,000	30,000,000
3⅞% sinking fund debentures due 1967	20,000,000	20,500,000
Milwaukee Gas Light Company—		
First mortgage bonds—		
3⅛% series due 1975	24,168,000	24,640,000
4⅛% series due 1981	12,319,000	12,546,000
3⅜% sinking fund debentures due 1970	5,040,000	5,160,000
Michigan Wisconsin Pipe Line Company—		
First mortgage pipe line bonds—		
3⅝% series due 1968	39,040,000	42,650,000
6¼% series due 1977	28,520,000	29,520,000
American Louisiana Pipe Line Company—		
First mortgage pipe line bonds, 4¼% series due 1976	93,800,000	97,500,000
Promissory notes, 4¼%, due serially to 1961	—	16,800,000
	$382,957,000	$412,718,000
Notes Payable to Banks:		
Milwaukee Gas Light Company—		
3½%-4%, due March-June, 1959	$ 10,320,000	$ —
4½%, due June-August, 1958	—	3,300,000
	$ 10,320,000	$ 3,300,000

Funds required to retire notes payable to banks incurred for temporary financing of construction will be provided by permanent financing.

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Fifty-eighth Annual Report

AMERICAN NATURAL GAS COMPANY

A NEW JERSEY CORPORATION

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